

To The Consumer Financial Protection Bureau,

The Primavera Foundation commends and strongly supports your efforts in addressing the critical issue of medical debt and its erosive impact on credit scores.

For the last 40 years, the Primavera Foundation has served individuals, veterans, and families experiencing poverty, impacting around 8,000 people each year. We co-create pathways out of poverty through emergency, transitional, and permanent housing, workforce development, financial and homeownership education, and community engagement.

Medical debt hits our community disproportionately for two reasons. First, it is more common in the Southeastern and Southwestern U.S., in part because states in these regions did not expand Medicaid coverage. Second, Tucson's community is made up of almost 70 percent of Black, Hispanic, and Native Americans individuals and we know that medical debt has a greater impact nationally among Black (28%) and Hispanic (22%) individuals than white (17%) and Asian (10%) individuals.

While we may feel it more here in the Southwest, we know medical debt impacts 15 million Americans – one in five – who have medical bills currently in collections with a median cost of \$2,000. More than a third of those with health care debt (35%) say it has negatively affected their credit score. This rule would remove as much as \$49 billion of medical debt that lowers credit. Some key reasons why we support this:

- Twenty-five percent of civil lawsuits filed in the United States are for debt collection. Medical debt represents half of debt collection nationally.
- Medical debt is the leading cause of bankruptcy filings in the United States with the principal predictor of consumer bankruptcy being a lapse in medical insurance coverage. Individuals who experienced a two-year gap in coverage were roughly twice as likely to file for bankruptcy as those with continuous coverage.
- Previous research by CFPB has shown that medical billing data on a credit report is less predictive of future repayment than reporting on traditional credit obligations.
- One in seven adults with health care debt say they have been denied care by a provider due to unpaid bills. In addition, adults with health care debt are more than twice as likely as those without debt to say they or someone they live with have postponed or skipped getting needed health care because of the cost.
- Parents are significantly more likely than non-parents to report having healthcare debt from their own or someone else's medical or dental bills (58% vs. 35%), which puts children at greater risk for the negative impacts of financial instability.
- Medical debt is increasingly understood to be an important social determinant of health as well as a leading cause of financial stress. In 2017, more Americans were concerned

about unexpected medical bills than housing affordability (58 percent compared to 43 percent)

- Data indicates a strong connection between medical debt and homelessness, extending a stay of homelessness by two years on average.
- Lack of access to medical care affects our local and national economy. In a recent study by the University of Arizona's Sociology department of 271 lower income households in Pima County, 44 percent cited health and medical issues as a reason for their unemployment.
- COVID-19 has made the situation worse and lower income families were hardest hit by the pandemic and therefore bear a greater burden of medical debt from the pandemic.

The negative repercussions of medical debt include difficulties securing employment, higher rates of interest on loans, and reluctance to seek necessary medical treatment. One study named these additional impacts: cutting back on household spending, using up all savings, skipping payments on other bills, delaying college or buying a home, changing their housing situation, feeling like one can't provide a good life for their family, feeling like one will never extricate themselves from debt, lower credit scores, difficulty buying vehicles and homes, and decreased eating.

We know from our work that the potential impact of this ban extends far beyond financial benefits, offering profound social, psychological, and economic advantages. We are particularly grateful to see that the proposed rule would prohibit lenders from taking medical devices as collateral for a loan, and bans lenders from repossessing medical devices, like wheelchairs or prosthetic limbs, if people are unable to repay the loan.

By supporting this proposed rule, we help to remove a significant barrier to financial stability for those we serve, allowing them greater access to housing, employment, economic opportunities and foster a fairer credit reporting system. We appreciate the opportunity to support this important initiative that will make meaningful change in the lives of many throughout our nation and the Tucson community.

Sincerely,

Tisha Tallman

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